

# **WestEnd Capital Management, LLC**

## **Form CRS – Client Relationship Summary**

### **August 2021**

#### **Introduction**

WestEnd Capital Management, LLC, (WCM) provides investment management services to individuals and other types of clients. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker dealers, investment adviser, and investing.

#### **What investment services do we provide?**

WCM is an investment management firm that provides advisory services on a discretionary basis to individuals through separately managed accounts (the “Separate Accounts”). WCM also offers financial planning services, such as retirement planning, risk management, and college funding concerns, to its Separate Account clients, at their selection, at no additional charge. In addition, WCM also provides advisory services on a discretionary basis to a privately offered pooled investment vehicle, WestEnd Partners, L.P. a California limited partnership, (“WEP”), which is intended for accredited investors with certain net worth requirements.

WCM generally recommends equities to its clients but may choose other investments in certain circumstances. In general, the required minimum investment amount for a Separate Account is \$500,000. The minimum investment amount for the Private Fund is \$500,000.

More information about our services can be found in our Form ADV, Part 2A (items 4-7).

#### **Given my financial situation, should I choose an investment advisory service?**

Each person seeking investment advice is different. Typically, a new client to our service chooses us because they lack the experience, time, and the desire to manage their assets. Because of the complexity of the financial marketplace, retaining a professional can make sense to many investors.

#### **How will we choose investments to recommend to you?**

##### **Separate Accounts**

The investment objectives and strategies of the Separate Accounts vary based on the individual clients’ preferences. WCM offers its Separate Account clients three different investment mandates to choose from:

1. Core Growth Portfolio – a diversified, equity-based investment approach, where we’ll invest your assets in both domestic growth and value companies from various sectors seeking largely to identify companies with strong earnings relative to their peers as well as strong forward-looking earnings expectations;
2. Equity Income Portfolio – seeks a high degree of current income with the secondary objective of capital appreciation. These objectives are sought while following principles consistent with portfolio diversification and long-term capital preservation. The strategy invests primarily in common equities but may also invest in preferred and exchange traded funds (ETFs) as well as Master Limited Partnerships (MLPs) and Real Estate Investment Trusts (REITs); and
3. Custom – a client requests WCM to build a custom portfolio for their assets based on specific investment objectives and risk tolerance of the client as disclosed to WCM.

##### **WestEnd Partners, LP**

WEP’s investment objective is to grow capital by holding, selling, trading, and otherwise dealing (both long and short) in a broad spectrum of securities, consisting principally, but not solely, of equity and equity-related securities that are issued by companies that are traded publicly in domestic markets as well as preferred stocks, convertible securities, warrants, options, private securities, non-U.S. securities, equity total return swaps and money market instruments as deemed appropriate by the General Partner, WCM.

##### **Investment Reviews**

WCM reviews the portfolios of its Advisory Clients on a daily basis for adherence to the Firm’s trading policies and procedures as well as the stated investment objectives and strategies agreed to in either the Investment Management Agreements or the relevant offering documents. Additionally, we hold formal in-depth quarterly investment meetings to review all Advisory Clients’ portfolios to determine conformity with risk parameters, investment objectives, and other relevant guidelines as agreed to with WCM’s Clients.

#### **What is our relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?**

Our advisors hold various licenses with respect to their field of work and old degrees from accredited universities. These licenses include Certified Financial Planner (CFP), Chartered Financial Consultant (ChFC) and Chartered Life Underwriter (CLU) designations.

#### **What fees will you pay?**

The Separate Account clients pay WCM an Asset Based Fee (1.5% annually) which is an amount per calendar year payable quarterly in arrears at the end of each calendar quarter, equal to 0.375% of the net market value of the Separate Account, as long as the market value of the account is equal or greater than \$10,000.

WEP pays WCM an annual Management Fee of one-and-a-half percent (1.5%), payable quarterly in advance, on the first day of each fiscal quarter, equal to 0.375% per fiscal quarter of the capital account of each limited partner of WEP (each a "Limited Partner" and collectively, the "Limited Partners") based on the net asset value of the capital account of each Limited Partner on the first day of the fiscal quarter.

WCM receives a performance-based Special Profit Allocation from WEP with respect to each Limited Partner, which is equal to twenty percent (20%) of the amount by which the profits (including realized and unrealized gains and losses) of the Private Fund otherwise allocable to that Limited Partner in proportion to their respective ownership percentages as of the first day of the fiscal period for which the performance-based fee is being calculated, to the extent that such profits exceed that Limited Partner's unrecouped losses.

#### **Help me understand these fees and how costs might affect my investments?**

**Assume a \$1 million dollar portfolio:** Our fee is 1.5% or \$15,000 and our custodian, Charles Schwab has free equity trading and only charges very minor miscellaneous fees such as for certain foreign investments. plus some minor Schwab administrative fees. If the portfolio grows 7% in a year, gross of fees, the net will be approximately 5.5%. The higher the fees, the less there is available to invest in a portfolio.

#### **What is our legal obligations to you when acting as your investment advisor?**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money for you means that because our fee is based on the amount of money in your account our fee will go up if we are successful in making you money. Similarly, should the value of your account decline because of performance or withdrawals, the fee will go down. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. For additional information, please see Form ADV, Part 2A brochure Item 12 and 17.

#### **How might our conflicts of interest affect you, and how do we address them?**

As WCM manages WEP for which it charges performance-based fees, as well as Separate Accounts for which it charges an asset-based fee, certain conflicts of interest may arise by managing both types of accounts. WCM acknowledges the conflict of interest that exists as a result of the possible incentive to favor WEP based on the fact that WCM receives performance-based fees from said clients, which may be greater than the fee received from the asset based fee charged to Separate Account clients; however, WCM has policies and procedures in place that are designed to monitor this potential conflict of interest to ensure that all clients are treated fairly and equitably. These accounts have varying risk profiles and trading strategies, and while some investments might overlap, they are differentiated by the risk profile, trading strategy and goals to mitigate the conflict.

#### **How do our financial professionals make money?**

All of our advisors are Partners of the firm and are paid a monthly guaranteed payment out of the net operating profits of the firm. Our Client Service and Portfolio Management managers are full time employees of the firm.

#### **Do any of our financial professionals have legal or disciplinary history?**

On September 17, 2014, the SEC issued an Order accepting an Offer of Settlement from WCM. Without admitting or denying the findings, WCM consented to the entry of an Order that it violated Sections of the Investment Advisers Act of 1940 ("the Advisers Act"), pertaining to the duty to maintain certain required books and records, adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and review at least annually its written policies and procedures and the effectiveness of their implementation. The Order also found that WCM failed to reasonably supervise a former employee with respect to the payment of excessive management fees from a hedge fund of which WCM is the General Partner. The Order also alleged that WCM made an untrue statement in the firm's Form ADV with respect to the calculation of the payment of WEP management fees.

Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

#### **Who will be my primary contact person?**

The advisor that brings you into our firm will be your primary contact. They are either Partners or employees of our firm and have no other affiliations such as a broker-dealer. Ava Madani, Client Services Manager, serves as a secondary contact for all clients and can be reached directly at (415) 856-0426 or [amadani@wcmsf.com](mailto:amadani@wcmsf.com). George Elliman is our Chief Compliance Officer should you have any issues with the advisor that is serving your account. You can reach him directly at (415) 856-0426 or [gelliman@wcmsf.com](mailto:gelliman@wcmsf.com).